Proposal: Unified Brand Identity Fashion District Business Improvement District



November, 2016

November 2016

Ms. Ariana Gomez Marketing & Public Relations Manager Los Angeles Fashion District BID 110 E. 9th Street, Suite 1175 Los Angeles CA 90079

Dear Ms. Gomez:

We are pleased to present this proposal for services to develop an overarching Brand and Marketing Guidelines for the Los Angeles Fashion District (LAFD). The results will serve as the basis for you to manage and build the LAFD brand into the future. Your consultant team, Branding Business, Cinnia Finfer and Lauren Schlau Consulting, bring expertise in brand development, research and strategy combined with long history in downtown Los Angeles, and with several area BIDs.

To meet your goals and deliver the most actionable end-result, we will employ information discovery and market research engaging LAFD stakeholders and consumers. We are aware of your budget target for this effort; while our proposal may exceed that, we want to deliver the product to give you the tools to take the LAFD to the next level. Please know we are open to discuss this after you have reviewed the proposal.

Please let us know if you have any questions or comments about this submittal.

Thank you very much for your invitation to be considered for this most worthwhile project and we truly look forward to your positive consideration and further discussions.

Sincerely,

Tracy McCarty & Ryan Rieches, Branding Business Lauren Schlau, Lauren Schlau Consulting Cinnia Finfer

Project Overview - Los Angeles Fashion District Brand Position

Objective: Provide services to the Los Angeles Fashion District to identify an overarching Brand and target customer base.



Timing

16 week (4 month)

January 2017, with

(barring any issues).

process to begin in early

completion in early May

Budget \$62,000 for all professional fees and related expenses.



Introduction – L A Fashion District

- Comprising 100 blocks of independently owned wholesale and retail businesses in the
 east/central area of downtown Los Angeles, the Los Angeles Fashion District (LAFD) is the
 recognized western U.S. hub for wholesale and retail fashion and related sectors of textiles,
 accessories and flowers.
- The Fashion District is an economic engine generating \$10 billion in annual business volume and employing a workforce of nearly 30,000.
- At the District's core is a \$6 billion wholesale industry comprised of some 1,200 designer showrooms. Over 4,500 lines are represented at each of five annual market weeks that attract 53,000 buyers and exhibitors, generating \$13 million in annual revenues.
- In the past few years, the District has experienced extraordinary development, from expanded wholesale centers and new retail storefronts to adaptive reuse and new construction residential projects.
- This development, expected into the foreseeable future, has and will continue to change the face of the Fashion District, calls for informed strategy(s) to best manage the brand as it evolves.

LA Fashion District Overview

The LA Fashion District is multidimensional, comprising a wide variety of industry sectors, businesses and land uses with relevant adjacent entities; thereby attracting a diverse buyer and consumer base.



LA Fashion District Business Improvement District Evolution and Need for Branding

- Given the dynamics of and the need to manage this vibrant, multi-faceted and ever-evolving district, the Fashion District Property Owners Association (AKA, Business Improvement District), Los Angeles' first property-based BID, was launched in January, 1996.
- The LAFDBID is a non-profit organization dedicated to the community's livability and viability through clean-up, safety, marketing and economic development programs.
- The LAFDBID is financed by property owners who contribute over \$4 million annually. They
 comprise the 15-member Board of Directors, and oversee the BID management team
 responsible for day-to-day operations and programs, and liaison with law enforcement,
 industry associations and city government.
- Given recent growth and development in the Fashion District, the LAFDBID recognizes the need (and benefits) to manage the brand (beyond clean and safety operations) in order to ensure the District's future viability and relevance for its stakeholders and customers.
- Thus, LAFD seeks to identify its current and potential key customer base as well as establish an overarching brand and accompanying marketing guidelines.
 - A key question may be how to create a brand "destination" for what is now a "place?"

LA Fashion District – Overarching Brand Development Rationale and Key Dynamics

Overarching Brand

- The LA Fashion District is evolving through a new wave of development that is changing the very nature of what it has been known as for decades.
- A unified brand would create a more crystalized identity for the area, allowing those in the LA Fashion District to leverage the power of focused branding and messaging to grow their businesses.

Key Dynamics To Be Considered

- Changing and new development (in and around the LA Fashion District)
- Sub districts vs. overall district
- New forces in retail consumer behaviors
- New forces in wholesaling
- Existing and new assets in the Fashion District

Dynamic – Changing and New Development In and Around the L A Fashion District

Area in Transition

- New and planned retail, residential, hospitality, and office development and support uses completed and planned including within the district:
 - City Market South Built; City Market Phase 2 cleared for construction
 - 800+ Apartments Broadway Palace 1 & 2
 - Ace Hotel activated; Proper & Huxton Hotel online in 2018
 - Growing Full-Service Restaurant Sector
 - Creative office reusing underutilized/vacant street-level and upper floor spaces
- Growing residential & commercial development around the District.
 - South Park residential complexes due west
 - Development In Arts District due east and north

Zoning

 LA Fashion District has been working to change zoning in order to permit expanded uses within existing and new buildings.

Dynamic – Sub Districts vs. Overall District

Sub Districts:

- Self-Marketing no unified voice, theme, direction.
- Little tying them together in terms of infrastructure, especially public transportation.
- Uneven patterns of development result in varying degrees of sub district success.
- Santee Alley successful, an economic driver for the overall District, but remains bargainoriented.
- Flower Market area united and redeveloping.
- San Pedro Market struggling; economic downturn, changing customer base.

"You can't out market what people see on the street."

Dynamic – New Forces in Retail Consumer Behaviors

- Consumer retail pullback (and changing buying behaviors) since the recession.
- Retail slowdown affects wholesale; wholesale drop affects manufacturing (potentially lessening District employment and purchasing power).
- Ascending customers focused more on price, less brand loyal / customers can price-check while in store, then possibly buy on-line.
- "Zappos" Effect; customers buying on-line and make fewer visits into stores:
 - Order, try it on, keep or ship back
 - Knows brands
 - Wants quality at best price
 - Not experience driven

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Dynamic – New Forces In Wholesaling

Technology and Social Media

- Technology challenging an outdated industry
- Majority of Wholesalers
 - are not online
 - Do not understand how or think they need to market
 - Do not utilize the internet
 - Rise of 3rd party online wholesales
- Varying production schedules
 - 6-7 collections a year
- New pieces every two week
- Social Media Impacts and continual evolution in consumer behaviors
 - Shoppable photos
 - Online clothes showrooms
 - Instagram seek trendy events
 - Facebook criticize gentrification

Dynamic - Existing & New Assets In The Fashion District

Multiple/Cross Customer Bases

- Santee shoppers may not be interested in (or aware of) the Ace Hotel and Orpheum.
- Coffee customers at Verve and who go to the Ace, may not be interested (or aware of) in Santee Alley.

Aiding Existing & Attracting New Customers

- Icons and Way finding Signage
 - "Hat Lady" Icon –
- Urban Dinner Party sold out, but didn't make money / did it meet objective?
- Business Directory 50% turnover since compiled.

Key Questions

- How do people currently **perceive** the Fashion District?
- **Who** is the current Fashion District audience/shopper(s)?
- **Who** could the Fashion District audience/shopper(s) **be**?
- Is it necessary now and for the future of the Fashion District, to "develop" an overarching Brand?
 - (A brand already exists in consumers' minds, whether or not the District "develops" a brand)
- If developing a Brand, what is the LA Fashion District brand?

How to Bring it All Together? Anticipating the Future

Our proposed project will be designed to address the following points/questions:

- How to unify the District (through Brand).
- How do you market this area, so strongly associated with fashion, in a way that retains its identity, but leaves room to both grow with the fashion industry and in other ways?
- What are the benefits of an overarching brand?
- What is the common denominator?
- What is the message that drives toward the objective in a relevant way for each target audience?

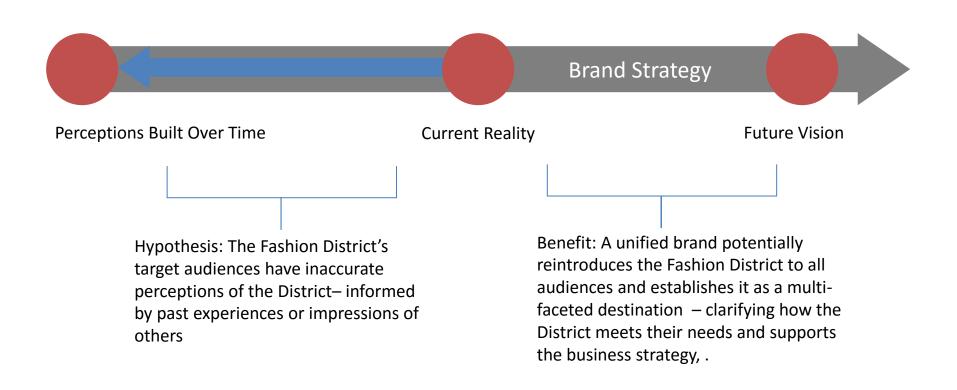
Goals

- Crystallize and elevate the LA Fashion District brand (and Fashion District as a recognized destination experience)
- Enhance District attractiveness to:
 - Wholesalers
 - Retailers
 - General Public
- Establish consumer District behavioral **benchmarks** and **success measures**
- Strategies to catalyze revenue growth

II – Research, Analysis, Strategic Approach

Development of Data Driven Brand Promise

Developing an effective brand promise begins with acquiring a clear understanding of the current perception of the LA Fashion District and assessments of value, strengths and weaknesses and the future business strategy for the District.



Development Of A Data Driven Brand Promise

Finding the LA Fashion District's compelling truth.

We believe that no strategic decision — business or brand — should be made in a vacuum. We begin each engagement with a comprehensive discovery and analysis process to form a foundation for our recommendations.

Through this process, we will find the attributes that become compelling drivers on which we can build the Fashion District brand that is most relevant and desirable to target audiences.

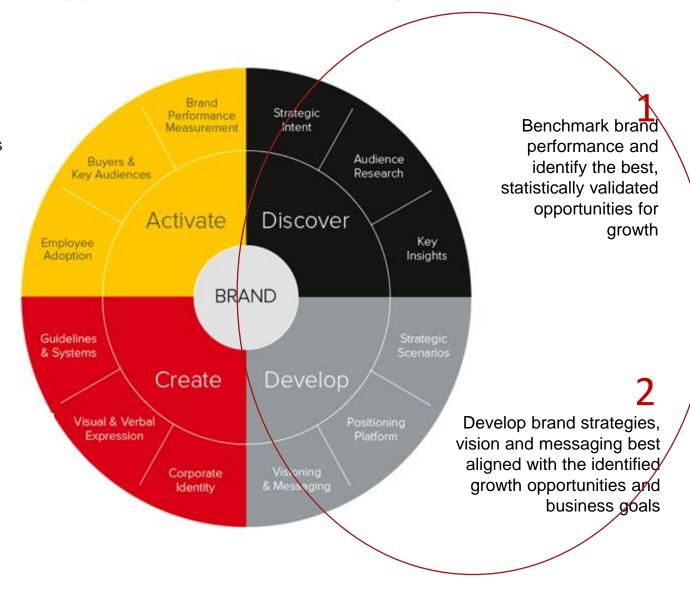
RFLFVANCE **ANTES DRIVERS** Attributes that are important Attributes that are both important to customers but are to the customer and highly differentiated from the competition provided by all competitors at a similar level FOOL'S GOLD **NEUTRALS** Attributes that are irrelevant to Attributes that are distinctive but do not drive customer preference customers

A Comprehensive Approach With Four Strategic Areas

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Win the hearts and minds of employees and enhance the total customer experience through innovations and communication assets that activate the positioning efficiently and effectively

Greate powerful visual and content expression that cuts through today's fragmented media environment and drives preference



LA Fashion District Proposal: Phases 1 & 2

1

Discover

- Information review all available relevant research and competitive information for the Fashion District.
- Conduct a discovery workshop with LA Fashion District stakeholders to understand current perceptions, goals, barriers to success and more.
- External target audience research.
- Uncover key insights.

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Develop

- Brand Opportunity Workshop:
 Develop strategic scenarios and share with the Fashion District steering committee for alignment.
- Develop positioning platform for the LA Fashion District.
- Develop high-level message direction.
- Provide recommended next steps.

Phase 1 | Discover

Step 1: Information Review & Competitive Overview

We begin with a review of the LA Fashion District's existing strategic plans, communications/collateral materials and any market research to give the team an in-depth understanding of the organization's business strategy and existing brand.

The intent is to fully prepare the strategy team for the Discovery Workshop. The team will review the following as <u>available and</u> relevant:



Business Strategy/Planning

- Business strategy documents
- SWOT analysis
- Marketing strategy & plan(s)

Existing Research

- Existing customer/market research
- Competitor profiles
- Employee surveys
- Audience/segmentation studies
- Brand equity studies
- Analyst reports

Informational Materials

- Investor/strategy presentations
- Marketing and communications materials
- Sales presentations and new business proposals
- Internal communications (newsletters, campaigns, memos, etc.)
- Buyer personas
- White papers
- Newsletters
- Trade publications
- Competitive websites and messaging, as well as any physical materials that can be provided

Phase 1 | Discover

Step 2: Discovery Workshop

The team will conduct a workshop with a cross functional team of LA Fashion District leaders. The workshop will be customized to your needs, including guided exercises around a variety of topics, such as:

- Exploration of strategic initiatives and organizational objectives
- Assessment of organizational strengths and obstacles
- Evaluate existing equities and perceptions of the brand
- Discussion of competitive landscape
- Business opportunities and challenges
- Key points of differentiation and distinction
- Definition of key audiences and purchase drivers
- Existing and desired brand attributes
- Visioning exercises



Phase 1 | Discover

Step 3: Consumer Research

Following the Discovery Workshop, and in view of the forgoing goal to develop an overarching Brand to unify the LA Fashion District and to identify current and potential customers, we propose to conduct research via three approaches as follows:

1. Focus Groups to gather consumer perceptions, motivations toward FD



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2. Internet Survey of FD users and non-users to gather perceptions, FD visitation (if user), Demographics

3. On-site intercept surveying to gather user perceptions, behaviors relative to the FD. and consumer Demographics

Consumer Research: Focus Groups / Perception

- Gather underlying brand perceptions, engaging consumers in direct discussion
- Group format provides the opportunity to gather a range of consumer opinions and insights on the key purpose for this project, that is, how do people perceive and use the LA Fashion District?
- Results will provide the basis for asking questions and testing perceptions on a larger-scale quantitative basis.
- We will develop questions in conjunction with the LA Fashion District; will cover: what people think of the Fashion District overall (likes/dislikes); where they got impressions (e.g., experience, word of mouth, media, etc.); why they come here (motivators) or don't (barriers/fears); how perceived as an area for fashion, flowers, textiles, accessories, etc.; why is it good or not for those things; who they come with, how often, what do they spend on, other impressions and behaviors, TBD.
- We propose holding 2 focus groups, one of current users and one of non-users.
 - Both groups recruited in downtown Los Angeles through on-site intercept surveys; the users will be recruited in the Fashion District, non-users in other nearby districts in Downtown LA
 - Groups will be held in a conference room at the Cal Mart or FDBID office
 - Each group to consist of 10-12 respondents, varied by age, ethnicity and gender
 - Each group held for 75 minutes
 - Each respondent to receive \$75 cash incentive for their participation

Consumer Research: Internet Survey

- Conduct a *quantitative* survey via internet of the regional population to measure impressions and behaviors toward the LA Fashion District on a larger scale.
- Note, the vast majority of this sample will be non-users of the Fashion District. It is important
 to understand who this group is, why they are non-users and what might motivate them to
 visit.
- In constructing this survey we first will meet as a team to review the focus groups' responses and concepts, as well as other concepts and data we want to gather.
- Questions will focus on their perceptions of the LA Fashion District, where they got those
 perceptions, various behaviors and in addition, detailed respondent demographics.
- The survey will be sent to an established reputable internet panel. We seek a return of 400-500 responses sufficient as a reliable sample and for segmenting into subgroups. Qualified respondents will be:
 - Residents within a 20 mile radius of Downtown Los Angeles
 - Between ages 18-70
 - Males and females
 - All ethnicities
 - May be or not be Fashion District customer

Consumer Research: Intercept Survey

- Conduct an on-site intercept survey among current LA Fashion District users mainly to identify some perceptions, their behaviors in the FD, and demographics.
 - This will be conducted simultaneously with the internet survey.
- Questions will be similar to those for the internet survey such that we can compare LAFD
 users to non-users and use as a basis for brand position.
- We will employ professional interviewers to survey 250 LAFD consumers on-site as they are out and about in the Fashion District as follows:
 - Over a 7-day period
 - Varied by location in the subdistricts
 - Varied by time of day and day of the week
 - A random representative sample varied by ethnicity, gender and age

Phase 2 | Develop

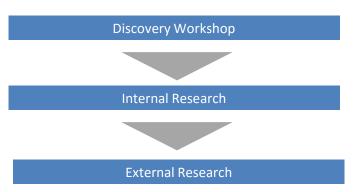
Step 1: Brand Opportunity Workshop

The team will present the research findings that will inform the brand strategy for the organization — the greatest potential for organizational success given the internal strengths, customer perceptions and competitive realities.

This presentation will include the foundation of the subsequent brand platform - building upon the brand drivers identified by you and those closest to the company.

At this point, we invite the team to react to the work and offer any feedback or revisions before we begin crafting final brand positioning language.

- Explore perceived equities of the brand in relation to internal, customer and consumer feedback
- Identify brand attributes that drive distinction and customer loyalty
- Preliminary corporate brand positioning and evaluate gap between existing and desired state





Phase 2 | Develop

Step 2: Brand Positioning Platform for the LAFD Brand

Based on conclusions from the Discover phase, we will identify the positioning strategy that best serve the needs of the LA Fashion District. Through identification of current perceptions and business goals, we will formulate a brand positioning voice that has the most effective impact on the Fashion District's key audiences. We will write positioning statements capturing these strategic directions that comprise the following elements:

- **Brand Pillars**: Foundational truths that, when combined, create the basis for a corporate brand positioning that is sustainable, authentic, and differentiating.
- **Brand Positioning Statement**: Articulates the core elements of a company's competitive posture in the market. It serves as a blueprint for all other elements of the brand development.
- **Brand Essence**: A brief, inspirational theme encapsulating the core idea and emotional heart of the positioning.
- **Personality Attributes**: Descriptors that support the positioning statement, dimensionalize the brand and define its key personality and performance characteristics.

Brand Pillars
Foundational "truths" that, when combined, create the basis for a corporate brand positioning that is compelling, authentic, and differentiating.

Brand Positioning
The central statement that
articulates core elements of a
company's brand strategy and
serves as a blueprint for all other
elements of the brand.

Brand Essence Brief, inspirational theme encapsulating the core ideas and emotional heart of the positioning strategy. Personality Attributes
A set of descriptive words
that collectively
characterize the brand and
define its key personality
traits.

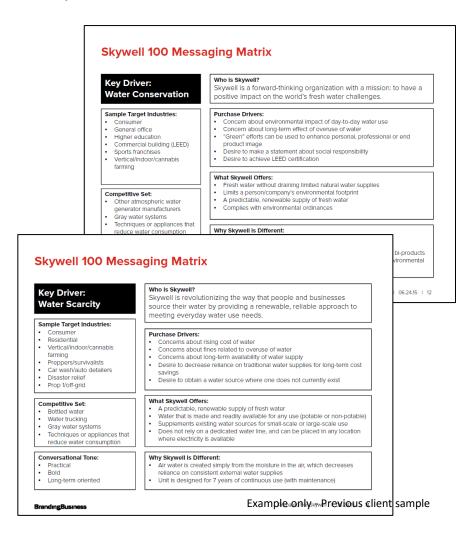
BRAND PLATFORM

Phase 2 | Develop

Step 3: Positioning & Messaging Direction And Next Steps For The LAFD Brand

We will develop a messaging platform to translate the approved brand positioning strategy into a series of salient messages for each of the targeted audiences uncovered during the Discovery process.

The goal of the messaging platform is to empower staff to develop consistent messages for corporate audiences and targeted customers. The platform is used to develop messages for a variety of communication platforms such as PowerPoint presentations, sales pitches, tradeshows, promotions, digital and advertising.



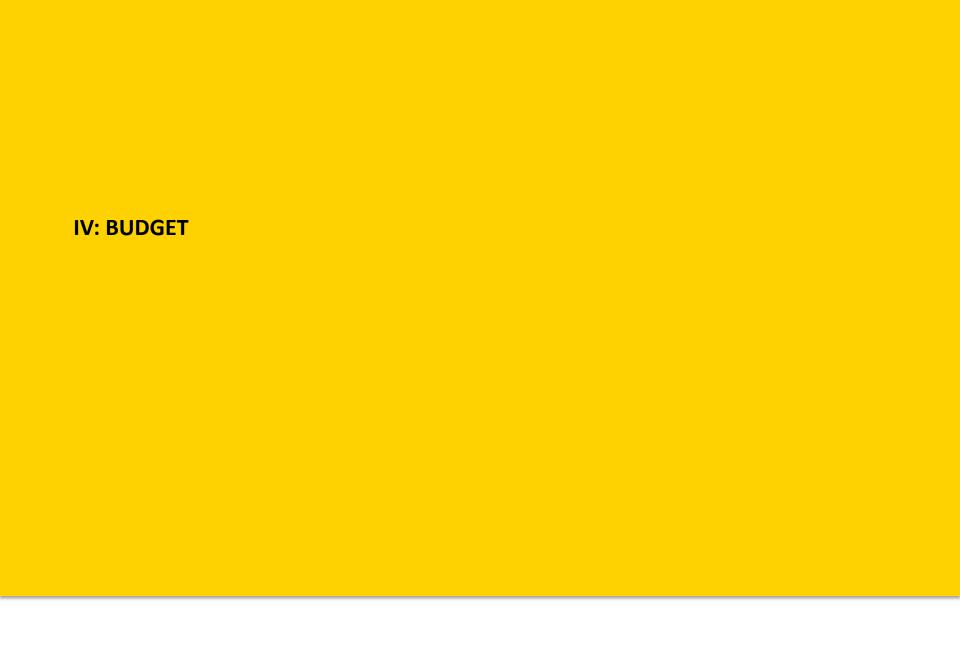


Timeline & Process

- We envision the entire project to be a 16 week process.
- We can begin the project as of first week of January 2017. Given that, we expect to deliver
 the final recommendations by the first week of May, 2017, barring any unforeseen issues or
 stoppages that would affect this schedule.

Brand Project Timing & Schedule

Review Existing Materials	Stakeholder Discovery Workshop	Qualitative Research	Quantitative Research	Data Tabulation & Analysis	Positioning / Brand Development	Present Initial Recommen- dation	Final Recommen- dation
Wks 1-2	Wk 3	Wks 4-6	Wks 7 -10	Wks 10-11	Wks 12-14	Wk 15	Wk 16



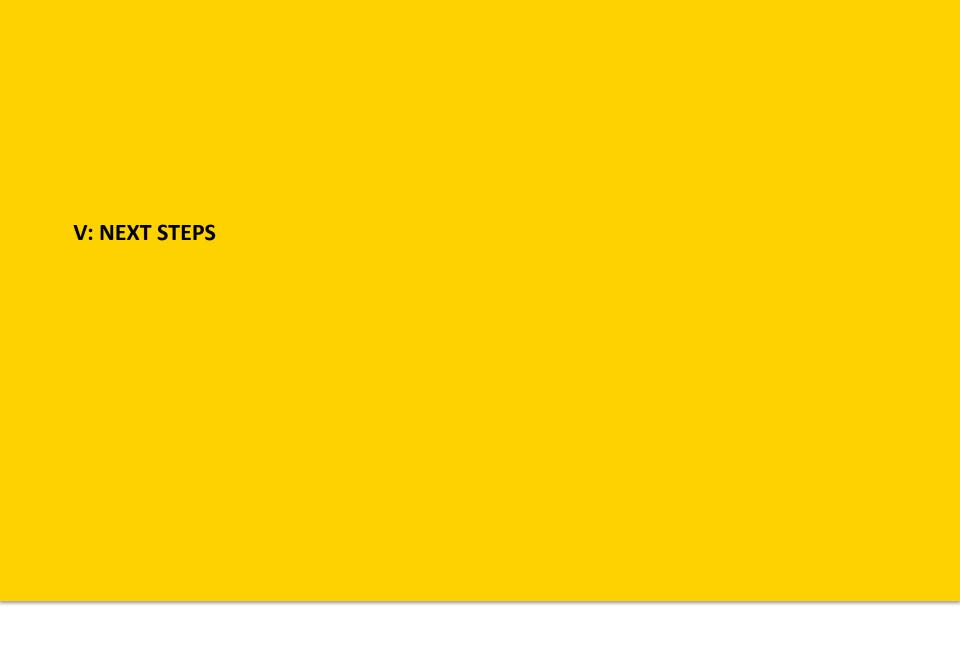
Budget & Billing

Project Budget

- Our proposed project budget is \$62,000 for the workscope, tasks and deliverables outlined herein.
- This includes consultant expenses, and incentives for the focus group and intercept respondents.

Invoicing

- An initial payment of \$15,500 (25%) to begin the project and cover initial start-up costs, to be billed after project authorization, due and payable upon receipt.
- First interim payment of \$15,500 (25%) following the completion of the qualitative focus groups research due in 30 days from the billing data.
- Second interim payment of \$15,500 (25%) following the completion of the quantitative research due in 30 days from the billing data.
- Final payment of \$15,500 (25%) following the submission of the research findings and Initial Brand Recommendation, due in 30 days from the billing data.



Next Steps

Project Approval

- In order to begin the process, we can review the proposal with you and your stakeholders as appropriate, make mutually agreed-to changes, and then finalize the proposal.
 - We will include terms and authorization in the finalized approved version.

Project Initiation and Process

- Once the proposal is approved, we will meet with you to develop specific timing and tasks, obtain needed materials, and review/set related items to initiate the project.
- Set date for Stakeholder Discovery Workshop

APPENDIX – CONSULTANT TEAM BACKGROUND & QUALIFICATIONS

- Branding Business
- Lauren Schlau Consulting
- Cinnia Finfer

Strategy & Branding

RYAN RIECHES
BrandingBusiness,
Founding Partner



Project role Brand Strategy

TRACY MCCARTY
Consulting Strategist



Project role Lead Strategist

DUSTIN KING
Director, Brand Mgmt.



Project role Lead Brand Management

MICHAEL DULA
Creative Director



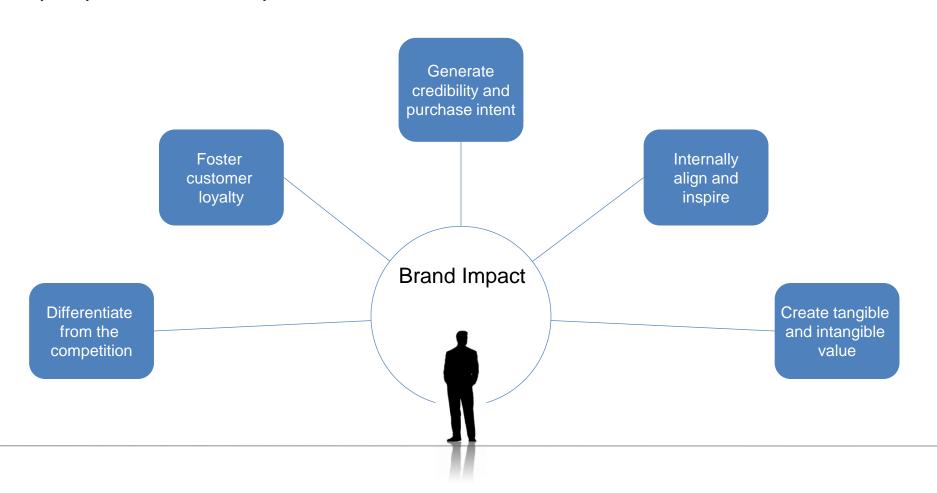
Project role Creative Development

We specialize in building powerful brands that move people and drive business growth. Founded in 1994, our approach is based on rigorous, evidence-based thinking, courageous creative ideas and brand performance that can be measured and monitored.

Our team for LAFD brings industry experience, best practices, and a research-driven point of view to form the foundation for our creative recommendations.

What can brand strategy do?

Defining and articulating who we are, what we believe in, and why people who are important to our future should do business with us.





About Lauren Schlau Consulting

- LSC is a market research/consulting firm based in downtown Los Angeles, operating since 1992.
- LSC offers a wide range of quantitative and qualitative services, recognized for deep experience, expertise and specialization in economic development sectors of travel and tourism, retail, cultural arts, and related.
- LSC uses research data, obtained by rigorous, valid and well-designed methods, to give our clients "beyond the numbers" insight to help solve problems, make decisions and innovate for future success.
- LSC teams with appropriate partners to ensure the highest expertise and value for each project and client.
- LSC has conducted research and provided consulting insight for private, not-for-profit and public sector clients throughout the western U.S.
 - LSC BID clients include Downtown Center BID, Arts District BID, Sunset Strip BID, and Los Angeles BID Consortium.
 - Downtown Los Angeles projects include research to inform the \$40 million redevelopment of 7thAtFig Center for Brookfield, L A Streetcar perception study, Night on Broadway attendees study (2015, 2016), and residential amenities demand for IDS (now Greenland) Metropolis mixed-use project.
 - Member survey and served as past president of the California Downtown Association, serving with and preceding former Fashion District Executive Director Kent Smith in the position.
 - LSC is a current member of the International Downtown Association and a long-term member of the Downtown Center BID Marketing Roundtable.



























= Los Angeles =





THE MUSEUM OF CONTEMPORARY ART, LOS ANGELES





Biography – Lauren Schlau President, Lauren Schlau Consulting



Lauren is a well-known and respected market research consultant in travel/tourism, retail and cultural arts, all related to economic development.

Her research career began in consumer products; she then joined the San Diego Convention & Visitors Bureau, followed by PKF Inc., an international hospitality consultancy, and various private, not-for profit and public sector entities until founding LSC in 1992.

Ms. Schlau is involved with professional organizations including; CalTravel (past officer), Travel & Tourism Marketing Association (past president), California Downtown Assn. (past president), Travel & Tourism Research Association, Los Angeles Central City Assn., and LA Tourism & Convention Board. She is a past co-chair and serves on the Downtown Center BID Marketing Committee, and belongs to LA Rotary5.

She has been active in local community economic development, having been appointed by Los Angeles elected officials to local advisory/planning groups, a proposed business improvement district (BID), and a design board for a public/private retail center.

Lauren is a featured speaker on travel, hospitality and research at the Marketing Research Association, Destination Marketing Organization West, Western Assn. of Chambers of Commerce, the Southern California Visitor Industry Outlook Conference, Rotary5 LA, and numerous visitor bureaus, chambers of commerce, city councils.

Ms. Schlau holds a Master of Public Administration (University of Southern California), and Bachelor of Science (Northwestern University).

She earned professional certificates from UCLA Anderson School in Management Development for Entrepreneurs, and UCLA Extension in Organizational Development and Leadership. She instructed marketing in the UCLA Extension Foodservice and Hospitality Program for five years.

Lauren enjoys cross-country skiing, word games, fine wine, her historic home, historic preservation, urban development, U.S. Civil War history, and being the dog-person of Cooper →



Cinnia Finfer

- Cinnia Finfer, is a communications strategist whose career began as an account executive at The Bohle Company, and Rogers and Cowan, both Los Angeles-based public relations agencies.
- She then served as Director of Marketing Communications for Camp Beverly Hills, a \$200 million sportswear licensor, franchisor and retailer with showrooms both in the New Mart and California Market Center. Cinnia was responsible for crafting communications strategies to help grow the company's international wholesale presence, expand the signature retail stores from one to 27 locations nationwide and build a licensor roster of 12 companies.
- As the Director of Marketing for the iconic Pacific Design Center, Cinnia oversaw a staff of 7 charged with conceptualizing market events and outreach programs to promote contract and residential furnishings to architects, space planners and interior designers.
- In becoming an independent marketing communications consultant, Cinnia helped launch Replay's (Italian sportswear) flagship stores in Los Angeles and New York and Merrell's (performance outerwear) flagship store in San Francisco's Union Square. She expanded into hospitality, supervising communications for Shutters on the Beach, Renaissance Beverly Hills and Raffle L'Ermitage Beverly Hills.
- Ralph Gentile Architects (designer of the Replay stores) contracted Cinnia to create the architectural/interior design narrative for Vespaio and 800 degrees, both DTLA restaurants. Cinnia also worked with M2K Group's Le Ka Restaurant, creating outreach programs to the Los Angeles Music Center, LA Phil, MOCA and the California Hospital Medical Center.
- She currently works with Brigade LA, a pioneering premium contemporary retailer in DTLA, that will be the first fashion retailer at LA LIVE when its new 3,000 square foot store opens in December, 2016.
- "54 Reasons to Shop DTLA," a contemporary apparel shopping map Cinnia co-created and publishes with Brigade LA, (now in its 7th edition), offers her regular interaction with a wide range of DTLA retailers as well as key personnel from the DCBID, Historic Core BID, South Park BID and Fashion District BID, giving her a considerable insights into the state of downtown retailers, wholesalers and online hybrid companies. Cinnia is a member of the Downtown Center BID Marketing Roundtable.
- Cinnia also consults the Historic District Council in New York City, which navigates the challenges of rezoning, adaptive reuse, and affordable housing in promoting historic preservation.
- Cinnia earned a Bachelors of Arts degree in Journalism for American University in Washington, D.C. and a Certificate in Digital Marketing from General Assembly.

